

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2703 - SB 2713

March 1, 2020

SUMMARY OF BILL: Creates the Tennessee Rural Development Fund, to be administered by the Department of Economic and Community Development (ECD) for the purpose of economic development in rural counties across Tennessee. Requires 10 percent of state tax revenue over-collected in FY20-21 and deposited in the General Fund to be deposited in the newly created Tennessee Rural Economic Development Fund.. States the intent of the General Assembly to appropriate 10 percent of excess tax revenue in each year FY21-22 through FY23-24, to the Tennessee Rural Economic Development Fund.

ESTIMATED FISCAL IMPACT:

Increase State Revenue – \$31,111,300/FY20-21/Rural Economic Development Fund

Increase State Expenditures – \$31,111,300/FY20-21/General Fund

Up to \$31,111,300/FY20-21/

Rural Economic Development Fund

Other Fiscal Impact – The amount of General Fund over-collection in FY21-22, FY22-23, or FY23-24, if any, is unknown, and cannot be quantified with reasonable certainty. Ten percent of any such over-collection will be appropriated from the General Fund to the Tennessee Rural Economic Development Fund.

Assumptions:

- The current Fiscal Review Committee staff estimate for General Fund collections in FY20-21 is \$13,896,312,600. The Governor's proposed budget for FY20-21, on page A-63, includes a General Fund estimate of \$13,585,200,000.
- Therefore, the FY20-21 General Fund over-collection is estimated to be \$311,112,600 (\$13,896,312,600 - \$13,585,200,000), and the corresponding appropriation to the Tennessee Rural Development Fund is estimated to be \$31,111,260 (\$311,112,600 x 10%).
- The amount to be expended from the Tennessee Rural Development Fund is unknown, but is reasonably estimated to be up to \$31,111,260 in FY20-21.
- The amount of General Fund over-collections, if any, in FY21-22, FY22-23, and FY23-24 is unknown, and cannot be quantified at this time. Ten percent of any such over-collection will be appropriated to the Tennessee Rural Development Fund.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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